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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 06/20/06

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ARTICLES:

(1) Poll on Koizumi cabinet, political parties, LDP race

YOMIURI (Page 2) (Full)
June 20, 2006

Questions & Answers

(Figures shown in percentage. Parentheses denote the results of a survey conducted in May.)

Q: Do you support the Koizumi cabinet?

Yes	52.0	(54.4)
No	38.7	(35.4)
Other answers (O/A)	2.2	(2.7)
No answer (N/A)	7.1	(7.5)

Q: Give up to two reasons for your approval of the Koizumi cabinet.

I can appreciate its political stance	33.3
I can appreciate its policy measures	15.9
It's stable	18.2
The prime minister is trustworthy	16.5
It's achieved actual results	35.5
It's a coalition of the Liberal Democratic Party and the New Komeito	7.2
It's better than its predecessors	39.3
O/A	2.0
N/A	0.6

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Q: Give up to two reasons for your disapproval of the Koizumi cabinet.

I can't appreciate its political stance	34.4
I can't appreciate its policy measures	41.8
It's unstable	17.1
The prime minister is untrustworthy	25.5
It's failed to achieve noticeable results	23.5
It's a coalition of the Liberal Democratic Party and the New Komeito	14.2
It's worse than its predecessors	5.1
O/A	1.8
N/A	2.6

Q: Which political party do you support now?

Liberal Democratic Party (LDP)	40.5	(42.3)
Democratic Party of Japan (DPJ or Minshuto)	14.8	(15.8)
New Komeito (NK)	2.7	(3.4)
Japanese Communist Party (JCP)	2.4	(2.0)
Social Democratic Party (SDP or Shaminto)	1.3	(1.2)
People's New Party (PNP or Kokumin Shinto)	---	(---)
New Party Nippon (NPN or Shinto Nippon)	0.1	(0.2)
Other political parties	---	(0.1)
None	37.4	(34.5)
N/A	0.8	(0.7)

Q: Prime Minister Koizumi has clarified his intention to resign as prime minister in September this year when his term as LDP president runs out. This September's LDP presidential election is a de facto election of the next prime minister. Are you interested in this LDP presidential election?

Very interested	34.3
Somewhat interested	37.8
Not very interested	18.0
Not interested at all	9.4
N/A	0.5

Q: Who do you think is the most appropriate person for the next prime minister? Pick only one from among those listed below if

any.

Taro Aso	4.0
Shinzo Abe	43.7
Sadakazu Tanigaki	1.9
Yasuo Fukuda	19.3
Taku Yamasaki	0.4
Others	1.2
None	25.2
N/A	4.2

Q: (Only for those who gave an appropriate person for prime minister) What's your impression of that person? Pick as many as you like from among those listed below, if any.

Leadership ability	22.4
Coordinating ability	27.1
Reform-oriented	16.9
A sense of balance	30.1
Accountability	18.1
Political career	21.2
Young	28.3

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Friendly	28.5
O/A+N/A	4.4

Q: What would you like the LDP presidential election to focus on? Pick as many issues as you like from among those listed below, if any.

Economic, employment measures	47.0
Fiscal reconstruction	25.1
Consumption tax	30.0
Social security reform, including pension and healthcare systems	53.4
Low birthrate countermeasures, including childcare support	24.5
Educational reform	15.2
Administrative reform, including public service personnel cuts	17.2
Social divide, including income gaps	19.0
Yasukuni Shrine issue	13.9
Asia diplomacy, including China and South Korea	24.5
North Korea issue	26.1
Defense, security	12.8
Constitutional revision	6.4
Public security, crime prevention	16.4
Food safety	10.8
O/A	0.4
Nothing in particular	3.9
N/A	0.9

Polling methodology

Date of survey: June 17-18.

Subjects of survey: 3,000 persons chosen from among all eligible voters throughout the country (at 250 locations on a stratified two-stage random sampling basis).

Method of implementation: Door-to-door visits for face-to-face interviews.

Number of valid respondents: 1,815 persons (60.5%).

Breakdown of respondents: Male-47%, female-53%.

(2) Poll: Koizumi cabinet's support rate down to 40.6%

TOKYO SHIMBUN (Page 2) (Abridged)
June 18, 2006

The approval rating for Prime Minister Junichiro Koizumi's cabinet was 40.6% in a recent public opinion survey released by Jiji Press for June, showing a decrease of 3.9 percentage points over the preceding month. The disapproval rating for the Koizumi

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cabinet was 38.6%, an increase of 2.6 points over the previous poll. The figures can be taken as reflecting the Social Insurance Agency's unlawful exemption from payments into the National Pension Plan. The survey was conducted across the nation on June 9-12. A total of 2,000 persons were chosen for face-to-face polling from among those aged 20 and over. The retrieval rate was 67.4%.

In the breakdown of public support for political parties, the ruling Liberal Democratic Party stood at 24.4%, down 1.5 points from the preceding month. The leading opposition Democratic Party of Japan (DPJ or Minshuto) was at 12.1%, up 2.1 points. Among other parties, the New Komeito party, currently in office as a coalition partner of the LDP, was at 3.3%, down 0.8 points; the Japanese Communist Party at 1.3%, down 0.2 points; the Social Democratic Party (SDP or Shaminto) at 1.2%, up 0.4 points; and the People's New Party (PNP or Kokumin Shinto) at 0.1%, up 0.1 points. No respondents picked the New Party Nippon (NPN or Shinto Nippon).

(3) Poll on LDP race: Abe stands at 50% in LDP local executive support, Fukuda at 38%

TOKYO SHIMBUN (Page 2) (Abridged)
June 18, 2006

Kyodo News yesterday released findings from its recent poll of the ruling Liberal Democratic Party's local chapter executives on the party's presidential election scheduled for September this year. In the survey, respondents were asked to answer who they thought would be appropriate for the next prime minister. In response to this question, a total of 78 persons gave specific names. Among them, 39 persons or 50.0% specified Chief Cabinet Secretary Shinzo Abe, with 30 persons or 38.5% recommending Yasuo

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Fukuda, one of Abe's predecessors in the CCS post. As seen from these figures, the LDP's local organizations are prone to single out either Abe or Fukuda.

In the survey, the secretaries general, policy board chairmen, and executive board chairmen of the LDP's prefectural federations were asked what they thought should be focused on in the forthcoming LDP presidential election. In response, 55.8% insisted on the necessity of correcting the nation's social divide. This answer topped all other answers, showing that they want the government under Prime Minister Junichiro Koizumi's successor to dissolve economic disparities resulting from the Koizumi cabinet's structural reforms.

The survey was conducted in early and mid-June. Answers were obtained from a total of 128 persons in 45 LDP prefectural federations. The mindset of each LDP prefectural federation's three top executives is believed to be close to that of about one million party or fraternity members eligible to vote in the LDP's presidential election.

Among other issues for the LDP's presidential election campaign, 16.7% wanted the party's presidential election to focus on the necessity of reforming pension, healthcare, and other social security systems, with 10.8% preferring economic stimulus measures, 5.0% for constitutional revision, and 4.2% for Japan's foreign relations.

Abe gained broad support across the nation. Meanwhile, Fukuda was

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named in Tottori, Shimane, and some other prefectures where the LDP's support base is comparatively steadfast.

Respondents were also asked if they thought the next prime minister should pay homage at Yasukuni Shrine. In response to this question, 41 persons answered "yes," with 34 persons saying "no." Among Abe supporters, pro-Yasukuni answers outnumbered anti-Yasukuni answers. Among Fukuda supporters, however, anti-Yasukuni answers topped pro-Yasukuni answers.

(4) Bush & Koizumi (Part 3): National interests conflict over whether to focus on nuclear issue or oil development in Iran policy

TOKYO SHIMBUN (Page 2) (Full)
June 20, 2006

On the night of May 31, Prime Minister Junichiro Koizumi talked on the phone with US President George W Bush.

The teleconference was held at the request of President Bush, ahead of their planned meeting in Washington on June 29. Taken up as the main theme was unprecedentedly the issue of Iran's nuclear development program. After the telephone conversation, Bush told reporters at the White House that he had asked Koizumi to cooperate in preventing Iran's developing a nuclear capability.

Since Iran's suspected development of nuclear weapons was reported in December 2002, Bush and Koizumi have held six summit meetings, but Iran's nuclear problem was discussed only once.

In the Japan-US summit held on the sidelines of the G-8 Summit in Sea Island, Georgia, in June 2004, President Bush referred to Iran's nuclear issue: "I have strong concerns about it." In response, Prime Minister Koizumi insisted on the need to aim at a peaceful settlement through an international agency.

The positions of Japan and the US toward Iran are crucially different. That is why the two leaders have sidestepped the Iran issue. Both countries apparently did not want the honeymoon-like bilateral ties established between their leaders to be negatively affected by the Iran nuclear issue.

Japan imported 14% of oil from Iran (in 2005). The government succeeded in obtaining concession rights for Iran's largest oil field Azadegan in 2004. Iran's crude oil is thus extremely essential for Japan's energy security.

Should oil exports from Iran stop as a result of Japan upsetting that nation, the Japanese economy will receive a serious blow.

In contrast, Iran is a bitter enemy for the US. The US severed diplomatic ties with Iran the year after the Iran hostage crisis at the US embassy in Teheran in 1979.

In his State of the Union address in January 2002, President Bush branded Iran, along with Iraq and North Korea, as part of the "axis of evil."

The US has been alert particularly to Iran's nuclear program, Vice Chairman Richard Cheney remarking: "The program is intended to destroy Israel," an ally of the US.

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The Bush administration has called on Japan to give up on its Azadegan program since Iran's nuclear development was uncovered. Then Secretary of State Colin Powell once stated: "There is a serious problem about Iran's nuclear development plan. I hope that (Japan) will make a judgment on energy-related investment

while taking it into consideration." In an effort to resolve the nuclear issue, the Bush administration very recently made a policy switch from the conventional stance of refusing negotiations with Iran.

About three hours after the Bush-Koizumi teleconference, US Secretary of State Condoleezza Rice announced a package of

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rewards proposing that if Iran halts its uranium enrichment activities, the US would join multinational negotiations.

There is the possibility that if Iran declines this proposal, the Bush administration may call on a "coalition of the willing" including Japan to line up with the US on economic sanctions against that nation. In the Japan-US summit slated for June 29, the Iran issue is expected to be high on the agenda for the first time.

On that occasion, which will Japan choose, the US as its ally or Iran as an important oil supplier? Japan's response to the Iranian nuclear issue will be a test case to forecast the essence of the honeymoon relations between Bush and Koizumi.

(5) Japan to recall Iraq-based GSDF troops; Over 2 years in Iraq for Japan-US alliance; GSDF distances itself from US forces, putting safety first

MAINICHI (Page 3) (Full)
June 20, 2006

The government today will order an end to the current deployment of Ground Self-Defense Force troops in Iraq, two and a half years after the first dispatch of a GSDF detachment there in January 2004. However, the deployment of GSDF troops in Iraq-apart from conducting humanitarian reconstruction assistance to that country-was meant to be a symbolic gesture of the Japan-US alliance. Including those engaged in logistics, Japan has so far sent a total of 5,500 GSDF members to Iraq, the largest scale ever for Japan's overseas dispatch of GSDF troops. One of the GSDF's initial main tasks in Iraq was to supply water for its host local communities. In February last year, however, the GSDF's water supply services ended because water-purifying facilities installed there with Japan's official development assistance (ODA) program went into operation. The GSDF's water supply totaled 53,500 tons.

After its water supply services, the GSDF's engineer corps oversaw the work of repairing schools, roads, and other local public facilities. In addition, the GSDF's medical unit provided local medical institutions with technical guidance. In Iraq, the GSDF has helped repair 34 schools and 27 roads and carried out about 260 medical support activities as of June 18. The GSDF has also hired a total of about 475,000 locals as of June 14.

However, the GSDF's presence itself in Iraq is the purpose of its deployment there. Japan complied with a request from the United States for "boots on the ground." A number of countries have pulled their troops out of Iraq, so the United States reportedly asked Japan to stay on. "It's OK if you're just there," a US

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official was quoted as saying. So the GSDF deployment in Iraq cannot be evaluated from the perspective of its performance alone.

The Iraq-based detachment of GSDF troops is the Reconstruction Assistance Group (RAG), which is an on-site unit conducting humanitarian reconstruction assistance. The RAG has rotated its personnel every three months and is now made up of those dispatched on a tenth batch. When the local security situation went bad from worse, those GSDF troops stayed inside their Samawah camp for their own security. The GSDF's oversight and guidance were intended to help with Iraqi people's self-sustainability. In fact, however, that was because the GSDF, if and when it is in imminent danger, can give advice from the camp.

In June last year, a roadside bomb exploded near a convoy of GSDF vehicles as they were running through the city of Samawah. The explosion damaged one of the GSDF vehicles. The GSDF has therefore had no choice but to be careful in its activities.

Many of the multinational force's members, including US troops, wear desert-color uniforms. The Samawah-based GSDF members, however, are in green, which is said to be the color of peace in Iraq. At the political level, the GSDF has played up the Japan-US alliance. At the level of local deployment, however, the GSDF has secured its members by distancing itself from the US military engaged in security operations.

(6) Japan-US alliance and a Japan-China entente essential for sailing through wild seas of the 21st century

MAINICHI (Page 2) (Abridged)
June 18, 2006

By Makoto Iokibe, Professor, Kobe University

The 21st century has rolled in when the world was, and still is, mired in confusion with no signs of a new world order in sight. Many countries are extremely inward looking, gripped by nationalism, and there seems to be no end to terrorism, nuclear proliferation, and other global issues. The deteriorating natural environment evidenced by a lack of energy and water may add to the moral decay of the global community.

Can Japan navigate safely through the rough seas of the 21st century?

For its survival, Japan must have a clear set of priorities. One of its top priorities, I believe, is to maintain good relations with major powers -- specifically with the United States and China. Failed relations with them would leave Japan half dead internationally. Conversely, building good relations with them would allow Japan to conduct activities vigorously as an international leader.

Some insist that Japan should enhance itself in the areas of economy, technology, military, and information instead of struggling to forge friendly ties with other countries. The argument has its point. But Japan can never put the world under its control, however powerful it becomes.

A stable international system and good relations are essential for Japan as a trade-oriented nation with limited resources.

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Relations with the US and China are particularly important, though in different ways. To weather the wild seas of the 21st century, Japan's diplomacy must have two key elements: the Japan-US alliance and a Japan-China entente.

As was proven by World War II and the period thereafter, Japan was not able to survive and pursue its national interests without the cooperation of the United States. Both Japan and the US are in need of an order embracing freedom. The US is expected to take the trouble to maintain the world order over the next five decades, which would allow Japan to engage in activities as a trade and maritime state. Japan needs to give serious thought to how it can assist the US in maintaining that order instead of relying on US efforts entirely.

Entente is a diplomatic approach to settle a specific bilateral issue to reach an accord to move forward in cooperation with each other. Although it is a single issue that is settled, an entente carries an important implication for overall bilateral relations. For instance, if Japan and China reached an agreement on the joint development of a gas field in the East China Sea, that would go beyond drawing a line between the interests of the two countries in the East China Sea. A combination of a gas field accord and a depoliticized Yasukuni issue would provide Japan and China with a clear view for the joint management of East Asia.

Concerned about poor relations with countries in Asia, some are urging Japan to shift its diplomatic weight from the US to Asia. I do not subscribe to that argument for Japan might end up losing Asia and the US at the same time. Instead, Japan must enhance its relations with the US so that they can survive beyond the Koizumi-Bush era and foster stronger ties with Asian neighbors, centering on China. Japan must pave the way for a combination of the Japan-US alliance and a Japan-China entente for its people of the 21st century.

(7) Regular Diet session closes; Prime minister stresses results of his management of the economy; Seeks continuation of his reform initiative

NIHON KEIZAI (Page 2) (Full)
June 20, 2006

Following the adjournment of the regular Diet session, the last for the Koizumi administration, Prime Minister Junichiro Koizumi visibly boasted of the results of his management of the economy during his five years in office. The dominant view in the government and the ruling camp is that the prime minister would bow out in triumph after declaring the end of deflation. However, a dilemma that has developed in this scenario is that if he does so, it would make easier for the Bank of Japan (BOJ) to lift its zero interest policy, the timing for which it is now searching. This move would shackle the successor administration in managing the economy. During the final stage of the Koizumi administration, a war of nerves on financial policy will likely take place between the government and the ruling camp.

Focus on declaration of end of deflation; War of nerves against government, ruling parties, BOJ

The prime minister during the press conference praised his own managing of the economy, saying, "During the economic slowdown, I constrained the issuance of government bonds. I also kept general-

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account expenditures from rising over the previous year's level. As a result, the economy is now back on track." He called for balancing economic revitalization and fiscal reconstruction, based on this trend.

He was not just boasting. With the Upper House election close at hand next year, the Liberal Democratic Party (LDP) Upper House Leadership is negative about the idea of extensively cutting public works, because it wants to repair damaged relations with support organizations. Out of concern that his reform policy might be derailed by the next administration, the prime minister cautioned, "We must be prepared for opposition from within the ruling parties." As a condition for his successor, he stressed: "It is extremely important for my successor to have enthusiasm to tenaciously achieve targets he has set himself."

All economic indicators have turned upward during the Koizumi administration. The real economic growth rate stood at a negative 0.8% in fiscal 2001, but in fiscal 2005, it jumped to 3.2%. The Nikkei Stock Average temporarily surged from the 11,000 yen mark to the 17,000 yen mark.

In fiscal 2005, the consumer price index, which serves as a benchmark for the Bank of Japan to judge its financial policy, took an upward turn from the preceding year for the first time in eight years.

Koizumi, though, did not adopt a demand policy, which had been the pillar for the distribution of profits in the postwar period when the economy expanded every year. In managing the economy, too, Koizumi changed the LDP's traditional methods. Declaring the end to deflation would be effective in order not to reverse that trend, too.

The problem is the presence of Chief Cabinet Secretary Shinzo Abe, who is viewed as being cautious about lifting the zero

interest policy at an early date, according to a government source. Since Abe is viewed as a candidate close to the prime minister's heart, he has to taken into consideration Abe's intention to some extent.

The declaration on the end to deflation will not necessarily lead to the removal of the zero interest policy. Stock prices are now on a mild downtrend. The issue of Bank of Japan Governor Toshihiko Fukui's investment in the Murakami Fund could affect the bargaining between the government and the ruling camp on one hand and the BOJ on the other.

LDP Policy Research Council Chairman Hidenao Nakagawa, who supports Abe, has called for giving priority to cutting expenditures with the aim of constraining the margin of an increase in the consumption tax at a low level in the fiscal reconstruction process.

In a speech given in Yokohama on June 19, Nakagawa underscored, "It is necessary to properly discuss a spending cut policy during the presidential race and make most of this effort in the compilation of the next fiscal year's budget. We will make spending cuts an Upper House election campaign issue and drive the Democratic Party of Japan (DPJ = Minshuto) into disbandment."

(8) Interview with Heizo Takenaka on achievements of Koizumi administration over five years (Part 3): Reform policy collapsed

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following changing of economic panel into just a meeting place

ASAHI (Page 15) (Full)
June 16, 2006

Yamada: What will become of the ongoing battle with bureaucrats after the prime minister changes?

Takenaka: There is no choice but to hold in place for a while.

Yamada: Do you mean that the government will take a break from the ongoing reform drive until a favorable wind blows?

Takenaka: Taking a break is not desirable, so I expect the next prime minister will hang in there.

Hoshi: Some see the upcoming Liberal Democratic Party presidential election as the dividing line that will determine whether the politics-led trend will accelerate or decelerate.

Takenaka: You are right. The prime minister has always taken the initiative under the Koizumi cabinet. To take the initiative, the administration first used the Council of Economic and Fiscal Policy (CEFP) but he is skillfully making use of the LDP Policy Research Council now. I think that the next prime minister should copy this style.

Yamada: The Koizumi reform initiative has been gradually undermined over the past year. Where was the turning point?

Takenaka: The CEFP used to be the engine for the Koizumi reform drive, but the council has been turned into just a forum (meeting place). The Ministry of Economy, Trade and Industry is now responsible for drawing up a strategy of growth, while the Policy Research Council under chairman Hidenao Nakagawa is in charge of simultaneously reforming revenues and spending. The CEFP has not fulfilled its initial role recently.

Yamada: Bureaucracy-led politics is reviving recently.

Takenaka: Ridiculously speaking, elite bureaucrats draw up plans that are interesting. But they remain unable to come up with effective policy measures for their offices. The Finance Ministry slashed public works, but it is still maneuvering to maintain its influence in reforming government-affiliated financial institutes. Policies will affect each government agency's interests.

Yamada: It is necessary to set up a system to apply the brakes to each other, isn't it?

Takenaka: Of importance is to apply the brakes. How to apply the brakes differs in each case. For instance, junior and mid-ranking lawmakers well versed in the government's official development assistance (ODA) policy, as remarkably splendid powers, worked hard to prevent the Japan Bank for International Cooperation from surviving.

Yamada: An end of the Bank of Japan's zero-rate policy will be a major theme for future economic policy, won't it?

Takenaka: If the policy is removed, I think that the Japanese economy will be seriously damaged. On fiscal issues, only I,

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playing a bad-guy role, have made complaints in CEEP meetings. Fiscal issues have been left in the hands of the LDP, but if the council had been responsible for such issues, the panel would have come up with a plan for significantly raising taxes. It is necessary to minimize the margin of tax increase, and I think it is possible to do so.

Yamada: Depending on who will become next prime minister, the situation will change, won't it?

Takenaka: You are probably right. The major point is to what extent the next prime minister will be able to bring bureaucrats under his or her control.

Yamada: Will potential candidates have the capability to do so?

Takenaka: The political world is interesting, but there were cases in which persons whose leadership had not been expected much unexpectedly displayed remarkable leadership after assuming office as prime minister.

(9) Editorial: Japan must persistently search for ways to continue whaling

NIHON KEIZAI (Page 2) (Full)
June 20, 2006

The International Whaling Commission (IWC) adopted in its annual meeting on June 19 a nonbinding declaration supporting a resumption of commercial whaling proposed by Japan and other whaling countries by a margin of one vote. This was the first time for the IWC to approve a resolution calling for the approval and promotion of whaling since it imposed a moratorium on commercial whaling in 1982.

However, it does not mean an end to the moratorium because lifting it requires a three-quarters majority. It can be predicted that the fact that the number of pro-whaling nations exceeded that of the anti-whaling countries is a sign that the tide is changing.

The nonbinding declaration, which was adopted in the Federation of St. Christopher and Nevis, an island nation with the population of less than 50,000 in the Caribbean, the venue of the IWC's annual meeting, may become a turning point to put an end to the international commission's history or a factor to deepen the uproar, instead.

With many anti-whaling nations' entry in the IWC, the moratorium on commercial whaling was approved in 1982. Since then Japan had persistently argued against a radical environmental organization that insists with insufficient scientific evidence that whaling is evil. The maintenance of the marine ecosystem and use of marine products are a matter concerning the future of human being.

As a result, the IWC's Scientific Committee decided unanimously on the Revised Management Plan (RMP), a scientific method of

setting hunting permits for continued use of whaling without decreasing whales stocks. If the Revised Management Scheme to monitor and implement the RMP is created, the moratorium will not be necessary.

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It has been learned by scientific research that the number of minke, fin, sei and sperm whale have increased sufficiently. It is estimated that whales consume every year huge quantities of fish that are equal to the world's annual gross fish catches. At present, the World Wildlife Fund (WWF) now goes along with whaling under the strict control.

When the scientific data and scheme for resuming commercial whaling were presented, the anti-whaling nations started saying, "Even if whales have increased, we will not allow whales to be caught." In a meeting in February on the RMS, they said, "We will not respond to talks on the scheme promoting commercial whaling."

Realizing that meetings in the IWC will go nowhere, the Japanese government seems to be heading toward holding an international conference of pro-whaling nations outside the IWC. It is obvious that such anti-whaling countries as Britain, the United States, and New Zealand, which have strong backlashes against the adoption of the declaration, will further toughen their stance.

The IWC talks over the past quarter century should not have been in vain. Japan needs to search for ways to keep and take advantage of that international forum, eliminating cultural intolerance.

SCHIEFFER